

Message Text

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ACTION EB-07

INFO OCT-01 AF-08 ISO-00 SP-02 USIA-06 AID-05 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

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SIL-01 L-03 H-02 PA-01 PRS-01 EUR-12 /095 W

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P R 031427Z SEP 76

FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC PRIRORITY 798

INFO AMEMBASSY NAIROBI

AMEMBASSY OSLO

LIMITED OFFICIAL USE SECTION 1 OF 2 ADDIS ABABA 10051

E.O. 11652: N/A

TAGS: EINV ET NO

SUBJECT: MOSVOLD COMPANY

REF: A. ADDIS ABABA 9719 B. OSLO 4106 C. STATE 214825

1. SUMMARY: CHARGE MET SEPT 1 WITH NORWEGIAN AMBASSADOR ANDERSEN (FROM NAIROBI) TO DISCUSS THE MOSVOLD CASE SHORTLY AFTER A MEETING WITH FONMIN KIFLE WODAJU, DURING WHICH CHARGE ACQUAINTED HIM WITH EXTENT OF AMERICAN INTEREST IN THE COMPANY. CURRENT STATE OF PLAY IS DETAILED BELOW AS REPORTED BY AMB. ANDRESEN AND FORMER MOSVOLD MGR. ROLF BAGLE. THE CHARGES AGAINST THE FIRM REMAIN VAGUE AND HAVE NOT YET BEEN SPECIFIED IN ANY FORMAL LEGAL CHARGES. BAGLE HAS ALSO NOT RECEIVED ANY FORMAL NOTICE OF THE CONFISCATION FROM THE EPMG ALTHOUGH HE HAS BEEN PROMISED ONE SOON. FOLLOWING THE TWO CONVERSATIONS, WE BELIEVE THAT THE BEST COURSE FOR THE MOMENT IN OUR JUDGMENT, IS TO HOLD OFF ANY FURTHER ACTION HERE UNTIL BAGLE IS ALLOWED TO LEAVE, HOPEFULLY WITHIN TEN DAYS, BUT IN THE MEANTIME TO CONSULT WITH THE FORMER OWNERS AND WITH THE NORWEGIAN GOVERNMENT TO DEVELOP AN AGREED-TO APPROACH FOR THE ACTIONS THAT WILL OBVIOUSLY BE NECESSARY IN THE NEAR FUTURE. END SUMMARY

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2. CHARGE TOOK ADVANTAGE OF A MEETING SEPT ONE, ARRANGED FOR ANOTHER PURPOSE, WITH FOREIGN MINISTER KIFLE WODAJO, TO RAISE THE ISSUE OF USG CONCERN OVER EPMG CONFISCATION OF MOSVOLD CO. IN LIGHT OF THE CONSIDERABLE AMERICAN INTEREST IN THE FIRM. CHARGE CHOSE A GENERALIZED APPROACH IN INFORMING KIFLE OF MAJORITY AMERICAN OWNERSHIP IN MOSVOLD, ELECTING NOT TO RAISE ALL THE TALKING POINTS CONTAINED REFTEL (C) EXCEPT PARAS D AND E WHICH HE COVERED THOROUGHLY. KIFLE'S REACTION WAS SWIFT AND RATHER SHARP. HE SAID THAT EPMG WOULD CONSIDER MOSVOLD A NORWEGIAN COMPANY, THAT HE UNDERSTOOD THE NORWEGIAN AMBASSADOR WAS IN TOWN TO DISCUSS MATTER AND INTIMATED THAT HE WOULD PREFER THAT WE NOT GET DIRECTLY INVOLVED. CHARGE REMINDED HIM, HOWEVER THAT CASE INVOLVED CONFISCATION OF AMERICAN INVESTMENTS THAT WE COULD NOT IGNORE, DESPITE THE NORWEGIAN IDENTITY OF THE COMPANY IN ETHIOPIA, AND KIFLE LET MATTER DROP.

3. LATER THE SAME MORNING, CHARGE MET WITH NORWEGIAN AMBASSADOR ANDRESEN WHO IS SPENDING SEVERAL DAYS IN ADDIS ABABA ON A "FACT FINDING" TRIP. ANDRESEN, WHO IS RESIDENT IN NAIROBI, EXPLAINED THAT HE HAD TWO OBJECTIVES IN COMING TO ADDIS ABABA AT THIS TIME: TO FIND OUT WHY MOSVOLD WAS CONFISCATED, AND TO ATTEMPT TO SPEED UP THE ISSUANCE OF AN EXIT VISA FOR THE NORWEGIAN CITIZEN GENERAL MANAGER OF THE COMPANY, MR. ROLF BAGLE.

4. ANDRESEN SAID THAT HE HAD HAD A MEETING EARLY SEPT 1 WITH DR. ASHAGRE YIGLETU, PERMSEC AND ACTING MINISTER IN MINISTRY OF COMMERCE AND INDUSTRY (MCI) AND THE MAN WHO LEAD THE EPMG GROUP WHICH PHYSICALLY TOOK OVER MOSVOLD CO. (REFTEL A). WHEN AMB. ANDRESEN ASKED WHY MOSVOLD HAD BEEN CONFISCATED, DR. ASHAGRE REPEATED THE MANY CHARGES MADE IN THE LOCAL PRESS AND REPORTED IN REF. (A) DR. ASHAGRE SAID THAT EPMG "HAD NO CHOICE BUT TO CONFISCATE THE FIRM" IN VIEW OF THE OFFENSES WHICH THE FORMER OWNERS HAD COMMITTED. ASHAGRE TOLD ANDRESEN THAT THE EPMG HAD TAKEN OVER "ONLY LIABILITIES," NOT ASSETS, WITHOUT EXPLAINING THE REMARK. THE PERMSEC ALSO STATED THAT THE EPMG COULD NOT TOLERATE SUCH "ECONOMIC SABOTAGE" AND HAD TO SET AN EXAMPLE TO OTHER FIRMS THAT THEY MUST OBEY THE LAW. ASHAGRE SAID THAT THE CONFISCATION DECISION WAS REACHED "AT THE HIGHEST LEVELS," IMPLYING THE DIRG. ASHAGRE MADE NOTE OF THE ATTACKS ON THE EPMG WHICH HAD RECENTLY APPEARED IN THE NORWEGIAN PRESS BUT CONCLUDED LIMITED OFFICIAL USE

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BY SAYING THE HOPED THE MOSVOLD CASE WOULD NOT DAMAGE THE GOOD STATE OF ETHIOPIAN-NORWEGIAN RELATIONS.

5. ANDRESEN REPORTED TO US THAT ASHAGRE WAS AWARE OF THE AMERICAN INTERESTS IN MOSVOLD, WHICH HE PROBABLY LEARNED FROM MOSVOLD'S REGISTRATION DOCUMENTS IN HIS POSSESSION. THE REGISTRATION PAPERS INCLUDE A LISTING OF THE SHAREHOLDERS IN THE FIRM.

6. ANDRESEN ALSO ASKED DR. ASHAGRE WHEN MOSVOLD MANAGER ROLF BAGLE WOULD BE ALLOWED TO LEAVE ETHIOPIA. THE PERMSEC STATED THAT THERE WERE NO CRIMINAL CHARGES AGAINST MR. BAGLE AND THAT WHEN HE HAS FINISHED HANDING OVER THE FIRM TO THE NEW EPMG-APPOINTED MANAGER, BAGLE WOULD BE FREE TO LEAVE, PERHAPS BY THE END OF NEXT WEEK. AMB. ANDRESEN HAS SO INFORMED THE NORWEGIAN FOREIGN MINISTRY.

7. AMB. ANDRESEN TOLD ASHAGRE THAT MOSVOLD CO. AND THE NORWEGIAN GOVERNMENT WERE CONCERNED THAT MOSVOLD HAD NOT YET RECEIVED OFFICIAL WRITTEN NOTIFICATION OF THE CONFISCATION OR THE REASONS BEHIND THE ACTION. DR. ASHAGRE ASSURED THE AMBASSADOR THAT HE WOULD SEE TO IT THAT SUCH A LETTER WAS PREPARED PROMPTLY. BAGLE HAS AGREED TO PROVIDE US WITH A COPY OF ANY DOCUMENTS HE RECEIVED FROM THE EPMG. WE WILL, IN TURN, FURNISH A COPY TO THE DEPARTMENT.

8. AMBASSADOR ANDRESEN SAID THAT HE HAD NO INSTRUCTIONS TO TAKE ANY FURTHER ACTION OR MAKE ANY REPRESENTATIONS AT THIS TIME. HE SAID THAT HE HAD SPOKEN WITH MR. TORREY MOSVOLD IN NORWAY ON THE TELEPHONE BEFORE LEAVING NAIROBI, AND THAT MOSVOLD DID NOT WANT TO DO ANYTHING, OR HAVE ANYTHING DONE ON ITS BEHALF, UNTIL BAGLE WAS OUT OF THE COUNTRY.

9. AMBASSADOR ANDRESEN, MR. BAGLE, CHARTER AND COMMERCIAL ATTACHE THEN ATTEMPTED TO SORT OUT THE RESPECTIVE AMERICAN AND NORWEGIAN INTERESTS IN THE MOSVOLD CO. (ETHIOPIA), BAGLE CONFIRMED THAT LIST OF STOCKHOLDERS AS REPORTED IN REF B, MOST, IF NOT ALL, OF WHOM ARE MEMBERS OF MOSVOLD FAMILY REGARDLESS OF NATIONALITY, BUT HE INTRODUCED SOME NEW WRINKLES. BAGLE SAID THAT BOTH FEDERAL MOTORSHIP CORP. AND NORTHERN SHIPPING CORP. WERE ALSO CONTROLLED, DIRECTLY OR INDIRECTLY, BY THE MOSVOLD FAMILY.

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ACTION EB-07

INFO OCT-01 AF-08 ISO-00 SP-02 USIA-06 AID-05 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

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FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC PRIORITY 799

INFO AMEMBASSY NAIROBI

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HE DID NOT KNOW WHETHER THESE TWO FIRMS WERE MAJORITY OWNED BY THE NORWEGIAN OR THE AMERICAN SIDE OF THE MOSVOLD FAMILY. FURTHER, ALTHOUGH MOSVOLD (ETHIOPIA) IS CONSIDERED TO BE A NORWEGIAN COMPANY BY NEARLY EVERYONE IN ETHIOPIA, THERE IS NO LEGAL LINK BETWEEN THE LOCAL COMPANY AND THE MOSVOLD INTERESTS IN NORWAY. THREE OF THE FOUR MEMBERS OF THE BOARD OF MOSVOLD (ETHIOPIA) ARE NORWEGIAN (THE FOURTH IS AMERICAN KARL GLASTAD), ALL RESIDENT IN NORWAY. RESULT APPEARS TO BE AN ETHIOPIAN COMPANY WITH AN APPARENT MAJORITY AMERICAN OWNERSHIP, OPERATED BY A PREDOMINATELY NORWEGIAN BOARD OF DIRECTORS IN NORWAY, WITH MOST OF THE STOCK FAMILY OWNED. COMPLICATING THE MATTER MAY BE THE PARENTAGE OF THE FEDERAL MOTORSHIP AND NORTHERN SHIPPING CORPS.

10. BAGLE THEN RECOUNTED ANOTHER NEW FACET OF THE SASE. UNTIL HE FLED ETHIOPIA ON MARCH 31, 1975, FORMER MOSVOLD GEN. MGR. KENRIK GREGER HELD THE SHARES OF FEDERAL MOTORSHIP AND NORTHERN SHIPPING AS A TRUSTEE REPRESENTING THE TRUE OWNERS. IN JAN. 1975, BOARD OF DIRECTORS OF MOSVOLD (ETHIOPIA), MEETING IN NORWAY, INSTRUCTED GREGER TO UNDERTAKE THE NECESSARY PAPERWORK TO CHANGE THE COMPANY'S REGISTRATION WITH THE MCI TO REFLECT THE LIMITED OFFICIAL USE

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TRUE OWNERSHIP. THERE WERE SEVERAL DELAYS AND AFTER GREGER'S DEPARTURE, BAGLE WAS NOT ABLE TO GET THE REGISTRATION CHANGED UNTIL JULY 1975. THUS, UNTIL THAT DATE, AMERICANS WERE SHOWN ON THE LOCAL RECORDS AS OWING ONLY A SMALL MINORITY SHARE SINCE THE FEDERAL MOTORSHIPS AND NORTHERN SHIPPING SHARES WERE HELD BY GREGER, A NORWEGIAN CITIZEN. BAGLE SAYS HE BELIEVES THAT THE CHANGING OF THE LIST OF SHAREHOLDERS WAS DONE ACCORDING TO ETHIOPIAN LAW, BUT IN LIGHT OF ALL THE OTHER CHARGES MADE AGAINST THE COMPANY, HE CONSIDERS IT POSSIBLE THAT THE

TRANSFER COULD BE CHALLENGED IN RELATION TO GREGER'S
SURREPTITIOUS FLIGHT FROM THE COUNTRY.

11. BAGLE SAID THAT WHEN HE IS ALLOWED TO LEAVE ETHIOPIA, HE
WILL RETURN TO NORWAY AND REPORT TO THE FORMER OWNERS. HE IS
CONVINCED THAT THE FORMER OWNERS WILL ATTEMPT TO FIGHT THE
CONFISCATION ONCE HE IS OUT OF THE COUNTRY, ALTHOUGH HE WAS
NOT OPTIMISTIC ANYTHING COULD BE ACCOMPLISHED. AMB. ANDRESEN
ADDED THAT HE HAD NO INFORMATION WHAT STEPS THE MOSVOLD FAMILY
OR THE NORWEGIAN GOVERNMENT WOULD CONSIDER ONCE BAGLE IS
ALLOWED TO LEAVE NOR DID HE YET KNOW OF ANY LEGAL RECOURSE IN
ETHIOPIA

12. GIVEN KIFLE'S REACTION, ANDRESEN'S LACK OF INSTRUCTIONS,
BAGLE'S SITUATION, FAMILY NATURE OF SHAREHOLDINGS AND MOSVOLD'S
OWN DISINCLINATION TO TAKE ANY ACTION AT THIS TIME, WE BELIEVE
WE SHOULD TAKE NO FURTHER ACTION PURSUANT TO REF(C) UNTIL BAGLE
IS SAFELY OUT OF ETHIOPIA. WE RECOMMEND, HOWEVER, THAT
INTERVAL BE USED BY DEPT TO COORDINATE DIRECTLY WITH THE
NORWEGIAN GOVT AND MOSVOLD FAMILY AS TO THE NEXT STEP, WITH
SPECIFIC REFERENCE TO QUESTION OF WHO MAKES IT, AND TO DETERMINE
WHAT THE POSITIONS OF GON AND MOSVOLD FAMILY ARE OR ARE LIKELY
TO BE. GIVEN THE FAMILY NATURE OF THE SHAREHOLDERS, WE DO
NOT THINK WE SHOULD GET TOO FAR OUT FRONT IN THIS MATTER.
EPMG IS WELL AWARE FROM MANY CONVERSATIONS WE HAD HAD HERE ON
COMPENSATION MATTERS, OF APPLICABILITY OF OUR LAWS IN CASES
OF THIS KIND AND IS NOW ON NOTICE THAT THIS CASE WILL ALSO BE
IN POINT.

13. WE ARE PREPARING A SEPARATE CABLE ON THE QUESTIONS OF THE
LEGAL BASIS, OR LACK OF SAME FOR THE EPMG ACTIONS.

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